Brett L. Foster, 6089
bfoster@hollandhart.com
Mark A. Miller, 9563
mmiller@hollandhart.com
Christopher B. Hadley, 14055
cbhadley@hollandhart.com
HOLLAND & HART LLP
222 S. Main Street, Suite 2200
Salt Lake City, Utah 84101
Telephone: (801) 799-5800
Facsimile: (801) 799-5700

Attorneys for Defendants
Hydro Engineering Inc. and
California Cleaning Systems, Inc.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

PETTER INVESTMENTS, INC. d/b/a RIVEER, a Michigan corporation, Plaintiff, vs. **HYDRO ENGINEERING, INC.**, a Utah corporation; and **CALIFORNIA CLEANING SYSTEMS, INC.**, a California company, Defendants.	**MOTION FOR SUMMARY JUDGMENT ON PLAINTIFF'S FIRST CLAIM FOR RELIEF** Civil Case No. 2:14-CV-00045-DB Judge Dee Benson

MOTION

Defendants Hydro Engineering, Inc. ("Hydro") and California Cleaning Systems, Inc. respectfully move this Court to enter summary judgment in their favor on the First Claim for Relief asserted by Plaintiff Petter Investments, Inc. d/b/a Riveer Environmental ("Petter") alleging infringement of U.S. Patent No. 6,164,298 ("the '298 patent"). As set forth in the accompanying Memorandum, Petter's First Claim for Relief is barred by claim preclusion, the *Kessler* doctrine, and laches. This Motion is supported by a separately filed Appendix of Exhibits.

INTRODUCTION

Petter's First Claim for Relief is an inexcusable abuse of the patent system and the litigation process. The '298 patent was granted to Petter in December 2000, more than 12 years before this case was initiated. For that entire time period, Hydro has been selling and Petter has been aware of the accused Hydropad® product. The reason for Petter's inaction for more than a dozen years is plain from the relevant history—Hydro does not infringe the '298 patent. In fact, following claim construction in this case, summary judgment of non-infringement in Hydro's favor would be the result. But Hydro should not have to bear the heavy expense of proceeding through extensive discovery, claim construction, and infringement and invalidity briefing with respect to the '298 patent given Petter's inexcusable delay in asserting these rights.[1]

Beyond mere delay, Petter's infringement allegations based on the '298 patent are barred as a matter of law, because Petter unsuccessfully sued Hydro in 2007 in the Western District of Michigan for infringement of a related patent and chose not to assert the '298 patent claims at that time. Following the final resolution in Hydro's favor of that prior case, Petter is barred from asserting any infringement claims against the Hydropad® now that it could have asserted back

[1] Petter's true motivation for bringing these baseless and belated claims now is apparent to Hydro, given the parties' litigation history. The parties are currently involved in an important trade secrets case pending before this Court, in which Petter stands to lose millions in ill-gotten gains. Petter filed the present case, not because it has any legitimate merit, but to impose a burden on Hydro in the hopes of increasing Petter's settlement leverage in the trade secrets case. This and other factors will be presented to the Court when Hydro seeks recovery of its attorneys' fees in this case.

then. Simply stated, the Hydropad® is an adjudicated, non-infringing device with respect to any and all patent rights Petter owned at the time the prior Michigan litigation was resolved in Hydro's favor. Accordingly, the Court should grant this Motion and enter summary judgment in Hydro's favor on Petter's First Claim for Relief.

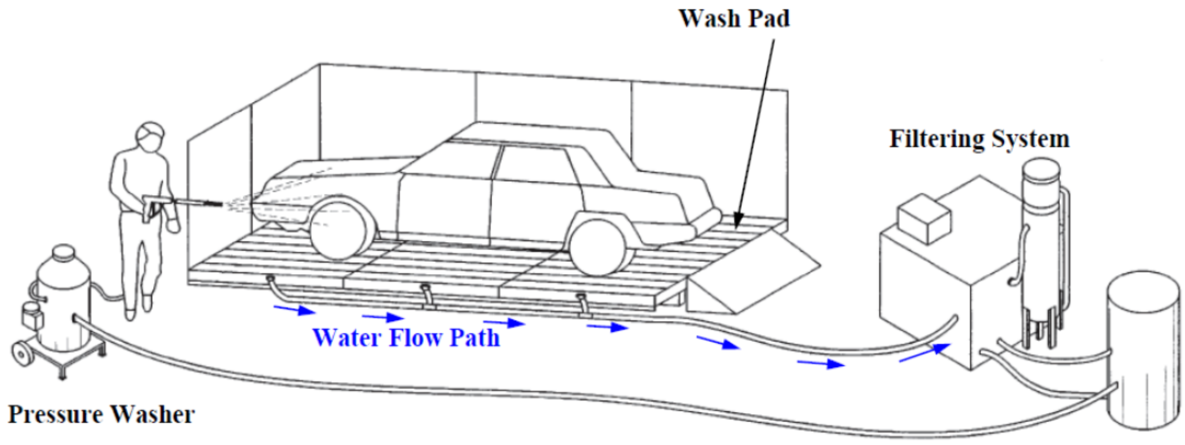
MEMORANDUM

GENERAL BACKGROUND/TECHNOLOGY TUTORIAL

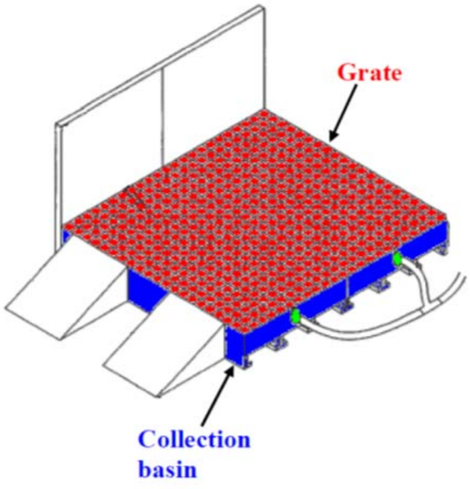
Pursuant to DUCivR 56-1(b)(3), Hydro provides the following general factual background to provide the technological context necessary to consider the subsequent statement of undisputed facts. The details of this background are set forth in paragraphs 3-12 of the Declaration of Alan McCormick ("McCormick Decl.").[2]

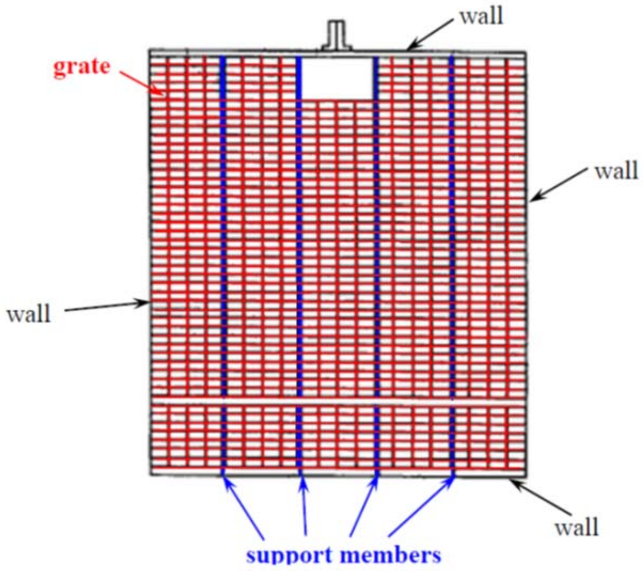
This case addresses patent infringement matters relating to portable wash pad systems. In general, portable wash pad systems have three components: (1) one or more wash pads, (2) a filtering system, and (3) a pressure washer as illustrated below. A vehicle (or other equipment) is placed on the wash pad and is washed using the pressure washer. The spent wash fluid and debris are then collected and recycled through a filtering system, and wash fluid is returned to the pressure washer.

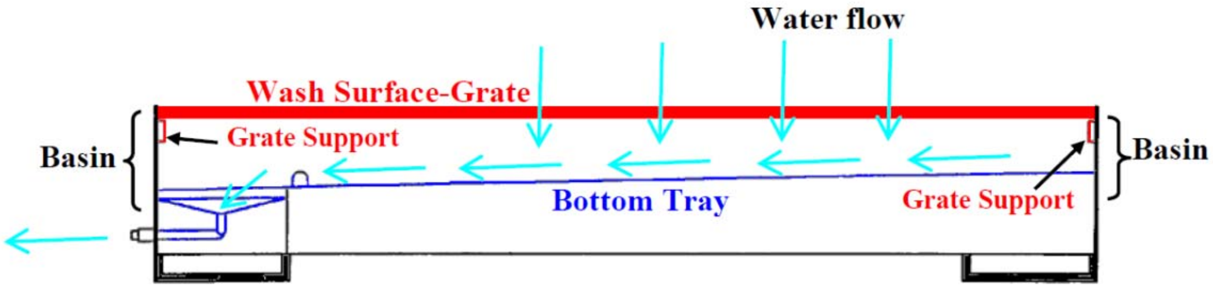
[2] The Declaration of Alan McCormick and its exhibits has been filed separately with the Appendix of Exhibits as Dkt. __.


Wash Pad
Filtering System
Water Flow Path
Pressure Washer

At issue in this case is the configuration of the wash pad component and the mechanism for collecting the used wash water and debris. In the 1990s, both Petter and Hydro made and sold portable wash pad systems. These systems, as depicted below, were constructed using a grate as the top washing surface resting on a frame with side walls and a bottom tray that formed a collection basin directly below the porous wash surface for containment of fluid and debris.

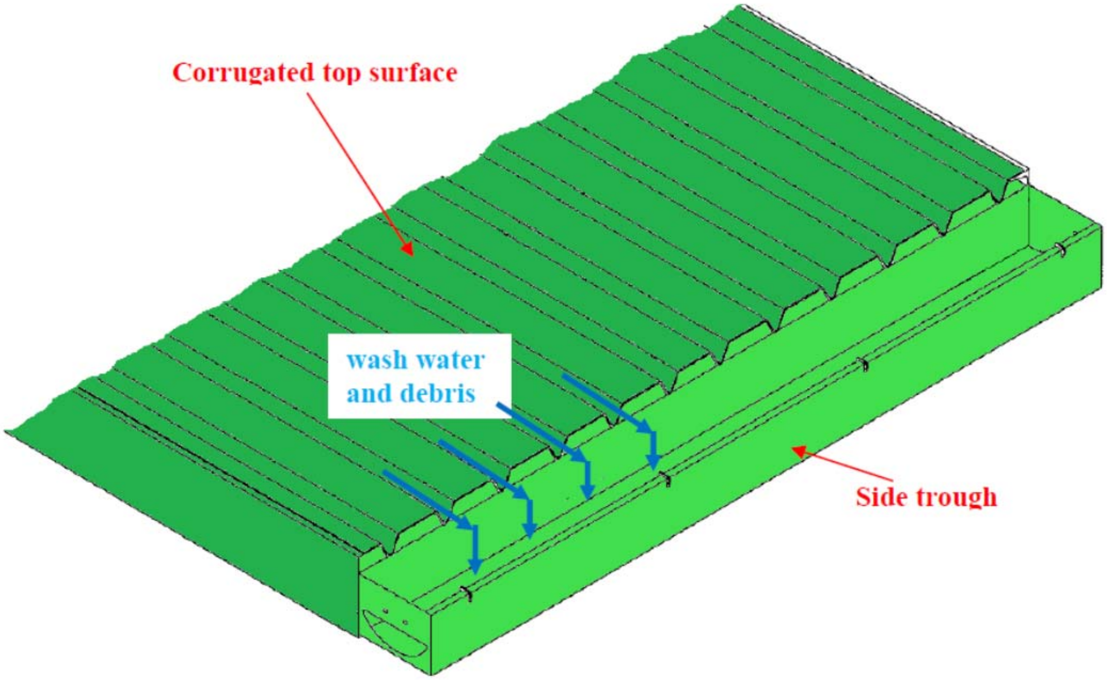

Grate
Collection
basin


wall
grate
wall
wall
wall
support members


Water flow
Wash Surface-Grate
Basin
Grate Support
Basin
Bottom Tray
Grate Support

Hereafter, these early wash pad designs will be generally referred to as a grate/basin wash pad or "containment" wash pads. Petter was awarded two patents covering its portable grate/basin wash pad design in the year 2000, one of which is the '298 patent.

In 2000, Hydro developed a new wash pad design that used an impervious, corrugated top wash surface rather than a grate. Thus, because the wash fluid and debris could not fall through the wash surface, it flowed across the impervious wash surface and over the edge to be collected in a side trough or gutter rather than in a basin below the wash surface.


Corrugated top surface
wash water
and debris
Side trough

One of the primary benefits of this impervious top, side gutter design was that the collected wash water and debris could be cleaned out of the gutter without interrupting the washing process. Prior containment-style wash pads, on the other hand, required the operator to interrupt the washing process, remove all vehicles or equipment from the wash pad, and lift up the grate (or a portion of the grate) to access the basin and clean out the solid debris that had accumulated. Hydro was awarded two patents protecting its impervious top, side gutter design in 2004 and 2007.

STATEMENT OF ELEMENTS AND UNDISPUTED MATERIAL FACTS

I. CLAIM PRECLUSION & THE KESSLER DOCTRINE

Claim preclusion requires satisfaction of three elements: (a) a final judgment on the merits in the earlier action; (b) identity of the parties or their privies in both suits; and (c) identity of the cause of action in both suits. *Pelt v. Utah*, 539 F.3d 1271, 1281 (10th Cir.2008). Two claims for patent infringement will be considered "identical" for purposes of claim preclusion where the accused devices in both actions are "essentially the same," meaning that any differences between them are merely "colorable" or "unrelated to the limitations in the claim of the patent." *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1325 (Fed. Cir. 2008). Claim preclusion applies to accused activities pre-dating the final judgment in the prior action. *See Brain Life, LLC v. Elekta, Inc.*, -- F.3d --, 110 U.S.P.Q.2d 1089, 1095 (Fed. Cir. 2014).

For conduct post-dating the prior final judgment, the *Kessler* doctrine "allow[s] an adjudged *non-infringer* to avoid repeated harassment for continuing its business as usual post-final judgment in a patent action where circumstances justify that result." *Brain Life*, -- F.3d --, 110 U.S.P.Q.2d at 1096 (emphasis in original; citing *Kessler v. Eldred*, 206 U.S. 285 (1907)). A patent infringement claim is barred under the *Kessler* doctrine where (a) there was a judgment of non-infringement in a prior action, (b) the presently asserted patent claims were brought or could have been brought in the prior action, and (c) the presently accused product is essentially the same as the adjudicated non-infringing product in the prior action. *Id.* at 1097-98.

A. UNDISPUTED FACTS ESTABLISHING PRIOR JUDGMENT OF NON-INFRINGEMENT AND IDENTITY OF THE PARTIES

1. On February 8, 2000, Petter was granted U.S. Patent No. 6,021,792 (the "'792 patent") entitled "Modular Cleaning Facility." *See* McCormick Decl. at Ex. 6. Although the figures and written description of the '792 patent describe a grate/basin wash pad design, the claims of the '792 patent do not explicitly state that the "wash rack" includes a "grate." *Id.*

2. On December 26, 2000, Petter was granted the '298 patent also entitled "Modular Cleaning Facility." *Id.* at Ex. 19. Unlike the claims of the '792 patent, the claims of the '298 patent expressly require the use of a "grate" over a collection "basin for collecting water." *Id.* at col. 6.

3. The '792 patent is the parent of the '298 patent, and the two patents share the same specification. *Id.* at Exs. 6, 19.

4. In about the year 2000, Hydro began making and selling its patented[3] Hydropad® wash pad system, which incorporates an impervious, corrugated steel top surface and a side collection trough as depicted below. *Id.* at ¶¶ 7-10, Exs. 2-3.

[3] Hydro was granted two patents to protect its impervious top/side gutter portable wash pad design. *Id.* at ¶ 10, Exs. 4-5.

5. In March 2000, Petter's patent counsel sent Hydro a letter suggesting that Hydro's Hydropad® product infringed the '792 patent. *Id*. at ¶ 13, Ex. 6. From March through September 2000, Petter's counsel corresponded with Hydro concerning Petter's infringement allegations. *Id*. at Exs. 6-14. Petter did not sue Hydro for infringement at that time. *Id*.

6. Seven years later in the Fall of 2007, Hydro learned that Petter was offering and selling wash pads with impervious tops and side gutters and sent Petter a letter demanding that it cease and desist from selling wash pad systems that infringe Hydro's patents. *Id*. at ¶¶ 14-15, Exs. 15-16.

7. In response, Petter filed a complaint on October 12, 2007 in the United States District Court for the Western District of Michigan titled *Petter Investments, Inc. v. Hydro Engineering, Inc.*, Case No. 1:07-cv-1033 ("the Michigan case") and alleging that Hydro infringes Petter's '792 patent. *Id*. at ¶ 16, Ex. 17.

8. On December 17, 2008, the Western District of Michigan entered summary judgment in Hydro's favor on Petter's infringement claims, finding as a matter of law that the Hydropad® does not infringe the '792 patent claims. *Id*. at ¶ 21, Ex. 24.

9. By October 6, 2009, the Western District of Michigan had entered summary judgment on all issues of liability in Hydro's favor, establishing that Petter was liable for infringing

Hydro's patents and that Hydro did not infringe Petter's patent. *Id.* at Ex. 25. To avoid a trial on damages, the parties resolved all remaining issues via settlement. *Id.*

10. On November 6, 2009, the Michigan case was finally resolved with the Western District of Michigan issuing a permanent injunction against Petter pursuant to the parties' settlement agreement. *Id.* at ¶ 23, Ex. 25.

11. Having prevailed against Petter's patent infringement claims in the Michigan case, Hydro moved forward confidently continuing to market and sell its Hydropad® wash pad systems knowing they did not infringe any patent rights then-owned by Petter. *Id.* at ¶ 24.

12. On May 24, 2013—and more than twelve years after the '298 patent was granted—Petter commenced the present action alleging for the first time that the Hydropad® wash pad system infringes the '298 patent. Dkt. 1.

B. UNDISPUTED FACTS ESTABLISHING THAT ASSERTED PATENT CLAIMS COULD HAVE BEEN BROUGHT IN PRIOR ACTION

13. Shortly before filing the Michigan case complaint, Petter's owners, Matt and Doug Petter, formally assigned ownership of both the '792 and '298 patents to Petter. *Id.* at ¶ 16, Exs. 20-21. However, Petter only asserted infringement of the '792 patent in the Michigan case; it did not assert infringement of the '298 patent though it could have. *Id.* at ¶¶ 14-18.[4]

[4] Presumably, Petter's counsel in the Michigan case chose to only assert the '792 patent, because the claims of that patent do not expressly require a "grate" while the claims of the '298 patent do require a "grate." No reasonable person would argue that Hydro's impervious corrugated wash pad top constitutes a "grate" as Petter has chosen to argue in this case. Because the impervious top/side gutter Hydropad® does not use a grate, Petter's prior counsel knew Petter had no reasonable chance of prevailing on that claim. Regardless of the ridiculous nature of Petter's infringement allegations, Petter could have made those same allegations several years ago in the Michigan case if Petter truly believed they had any merit.

14. In the Michigan case, Petter relied on its ‘298 patent to support its invalidity defenses against Hydro’s patent infringement claims and also produced several copies of the ‘298 patent during discovery. *Id*. at ¶¶ 17-18, Exs. 22-23.

15. If Petter believed that the Hydropad® infringed any claim of its ‘298 patent, it could have and should have asserted such a claim in the Michigan case along with its infringement allegations based on the parent ‘792 patent. *Id*. at ¶¶ 15-18.

C. Undisputed Facts Establishing That Accused Product Is The Same Product Accused In The Prior Action

16. Since it was first introduced in 2000, the Hydropad® has comprised a support frame with an impervious, undulating top washing surface and a side collection trough as depicted above under paragraph 4. *Id*. at ¶¶ 7-11, 25.

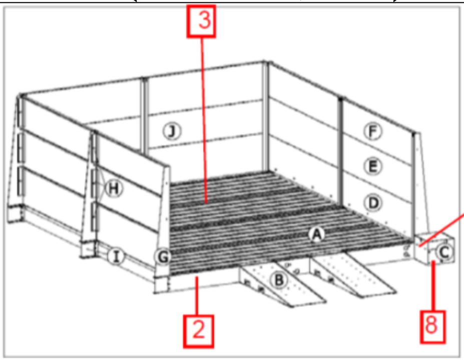
17. The Hydropad® products accused of infringing Petter’s ‘792 patent in the Michigan case are essentially the same as the Hydropad® design that has been offered for sale and sold since the Michigan case ended in November 2009. *Id*.

18. The complete design history of the Hydropad® was produced to Petter in the Michigan case. *See* Declaration of Mark Miller (“Miller Decl.”) at Ex. A (filed separately under seal).

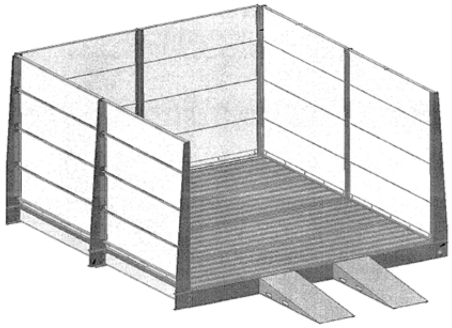
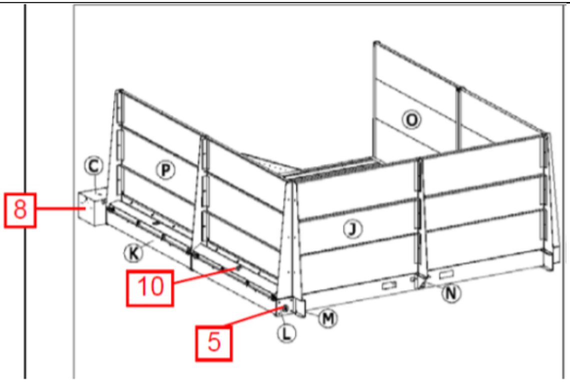
19. Petter’s Initial Infringement Contentions relating to the ‘298 patent in this case could have been made without variation using the Hydropad® design drawings produced in the Michigan case, as illustrated in the table below. *Id*. at Exs. A-C.[5]

---

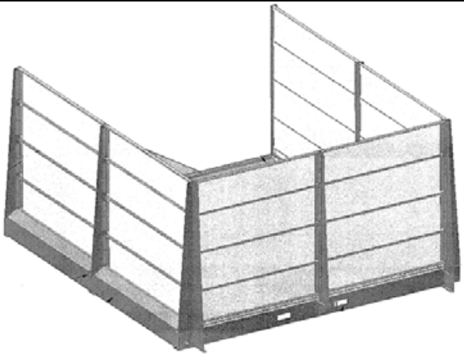
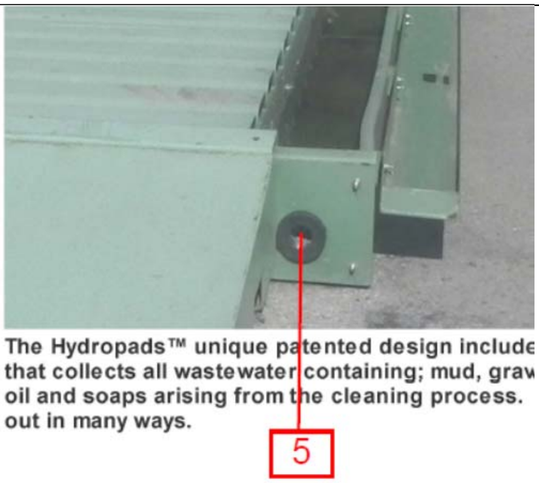
[5] Some of the Hydropad® design documents produced in the Michigan case and used in Petter’s Initial Infringement Contentions are designated CONFIDENTIAL-ATTORNEYS EYES ONLY to protect the proprietary details of Hydro’s designs such as dimensions and other engineering details. Such engineering details have been redacted from the figures reproduced herein and are

<table>
<tr><th>Petter's Infringement Contentions
(Miller Decl., Ex. C)</th><th>Documents Produced in Michigan Case
(Miller Decl., Exs. A-B)</th></tr>
<tr><td>

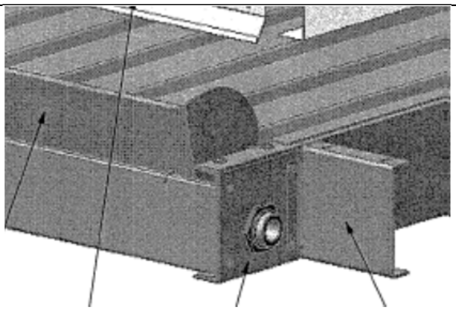
3
J
F
E
5
H
D
A
C
I
G
B
2
8

</td><td>
HE000219</td></tr>
<tr><td>

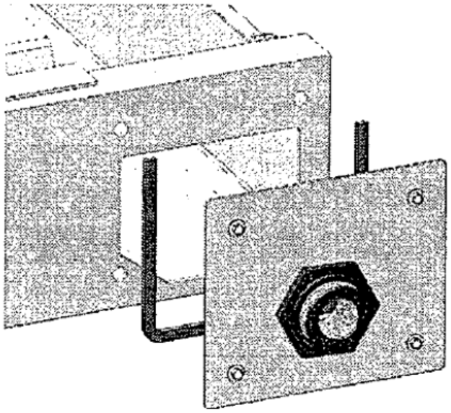
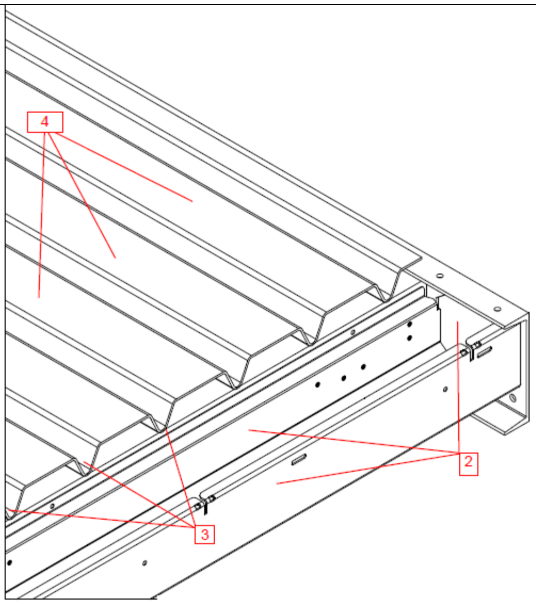
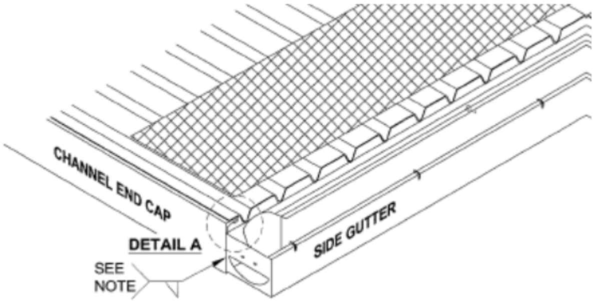
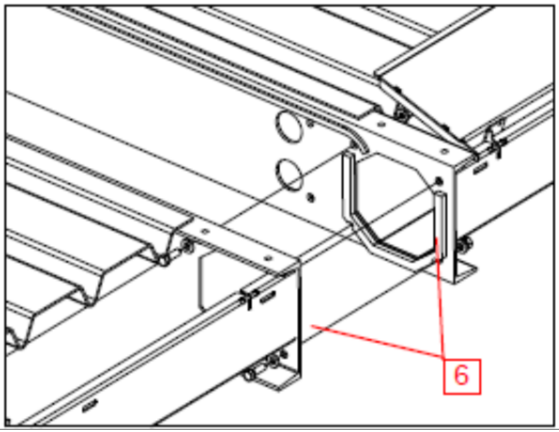
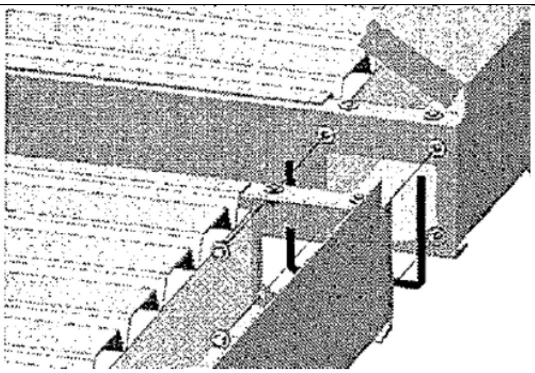
O
C
P
8
J
K
10
N
5
M
L

</td><td>
HE000219</td></tr>
<tr><td>

The Hydropads™ unique patented design include
that collects all wastewater containing; mud, grav
oil and soaps arising from the cleaning process.
out in many ways.
5

</td><td>
HE000222</td></tr>
</table>

not necessary to demonstrate that Petter's infringement contentions could have been made using the documents from the Michigan case.

Petter's Infringement Contentions (Miller Decl., Ex. C)	Documents Produced in Michigan Case (Miller Decl., Exs. A-B)
	 HE000207
	 CHANNEL END CAP DETAIL A SEE NOTE SIDE GUTTER HE000285
	 HE000206

6868813_1

20. Given the relevance of the documents produced in the Michigan case, the parties stipulated that all documents and testimony from the Michigan case be "deemed produced" in this action. Dkt. 68, p. 3.

II. LACHES ELEMENTS

The defense of laches requires proof that (a) the plaintiff unreasonably delayed in asserting a claim, and (b) that the defendant was materially prejudiced by that delay. *Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 949 (10th Cir. 2002). In patent cases, "[a] presumption of laches arises if there is six years or more of delay between the plaintiff's discovery of infringement and their filing of a lawsuit to enforce their patent rights." *NexMed Holdings, Inc. v. Beta Tech., Inc.*, 718 F.Supp.2d 1299, 1315 (D. Utah 2010).

D. UNREASONABLE DELAY

21. Petter was aware of Hydro's impervious top/side gutter Hydropad® product as early as March 2000 when Petter sent a letter to Hydro alleging that the Hydropad® infringed the '792 patent. McCormick Decl. at ¶ 13, Exs. 6-14.

22. The '298 patent was granted shortly thereafter in December 2000. *Id*. at ¶ 17, Ex. 19. Thus, on the day the '298 patent was granted, Petter had notice of its potential infringement claim against Hydro. *Id*.

23. Despite engaging in significant patent litigation with Hydro from 2007 to 2009 over other patent claims, Petter did not assert infringement of the '298 patent against Hydro for over twelve years before initiating this action in May 2013. *Id*. at ¶¶ 17-25.

E. Prejudice

24. Because Petter never raised the ‘298 patent against Hydro for the 12 years it has held that patent, and because Hydro prevailed in proving the Hydropad® does not infringe Petter’s ‘792 patent, Hydro has moved forward in promoting and selling the Hydropad® as currently configured without consideration of any of Petter’s patent rights existing at the time of the Michigan case and before. *Id.* ¶¶ 24-26.

25. Over the last fourteen years, Hydro has developed significant goodwill and brand recognition in the Hydropad® design that would be materially harmed if it had to alter the design based on Petter’s belatedly asserted patent rights. *Id.*

ARGUMENT

The court should enter summary judgment where there is no genuine issue as to any material fact, entitling the moving party to a judgment as a matter of law. *See* Fed. R. Civ. P. 56(c); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986).

I. PETTER’S FIRST CLAIM FOR RELIEF IS BARRED BY COLLATERAL ESTOPPEL AND THE *KESSLER* DOCTRINE

“[A] final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or *could have been raised* in that action.” *Wilkes v. Wyo. Dep't of Employment Div. of Labor Standards*, 314 F.3d 501, 503–04 (10th Cir. 2002) (emphasis in original). *See also Salazar v. Buono*, 559 U.S. 700 (2010) (Res judicata applies “not only as to every matter which was offered and received to sustain or defeat [a] claim or demand, but as to any other admissible matter *which might have been offered* for that purpose.”) (citations and internal quotation marks omitted) (emphasis added)); *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75, 77 n. 1 (1984) (“Claim preclusion refers to the effect of a judgment in foreclosing litigation of a matter that never has been litigated, because of a determination that it *should have been advanced* in an earlier suit.") (emphasis added).

These preclusion principles apply in patent cases through two distinct doctrines depending on when the accused conduct occurred. Patent infringement occurs when someone "makes, uses, offers to sell, or sells any patented invention" without permission from the patent owner. 35 U.S.C. § 271(a). When the alleged infringing activity occurred before final judgment in the prior litigation, the traditional doctrine of claim preclusion operates to bar any subsequent claims of infringement that should have been brought in the prior action. *See Brain Life*, -- F.3d --, 110 U.S.P.Q.2d at 1095. When the accused infringing activity occurred after final judgment in the prior action, subsequent infringement claims are barred by the *Kessler* doctrine if they accuse a product that is essentially the same as the product found to be non-infringing in the prior action. *Id.* at 1097. As demonstrated below, Petter's First Claim for Relief is barred by claim preclusion insofar as it accuses conduct pre-dating the Michigan case judgment and is barred by the *Kessler* doctrine insofar as it accuses post-judgment conduct.

A. PETTER'S FIRST CLAIM FOR RELIEF IS BARRED BY COLLATERAL ESTOPPEL WITH RESPECT TO HYDROPAD® SALES PRIOR TO NOVEMBER 6, 2009

Claim preclusion requires satisfaction of three elements: (a) a final judgment on the merits in the earlier action; (b) identity of the parties or their privies in both suits; and (c) identity of the cause of action in both suits. *Pelt*, 539 F.3d at 1281. "For claim prelusion purposes, consent judgments are considered to have the same force and effect as judgments entered after a trial on the merits." *Hallco Mfg., Co. v. Foster*, 256 F.3d 1290, 1294-95 (Fed. Cir. 2001). Two claims for patent infringement will be considered "identical" for purposes of claim preclusion where the accused devices in both actions are "essentially the same," meaning that any differences between them are merely "colorable" or "unrelated to the limitations in the claim of the patent." *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1325 (Fed. Cir. 2008).

The Michigan case was a dispute between the same parties as in the present action and ended with a permanent injunction entered by the Michigan court against Petter on November 6, 2009 following that court's resolution of all liability issues on summary judgment in Hydro's favor. McCormick Decl. at ¶¶ 21-23, Exs. 23-25. Both Hydro and Petter had the opportunity to conduct thorough discovery and assert all claims and defenses available to them during the two years of active litigation in the Michigan case. When Petter commenced the Michigan case in October 2007, it held two patents applicable to Petter's wash pad designs: the '792 patent and the '298 patent. *Id.* at Exs. 6, 19-21. Petter was represented by two different law firms during the Michigan case, thus benefiting from the ability of several competent attorneys to evaluate the merits of the case.[6] The only rational explanation for Petter's decision to not raise the '298 patent in the Michigan case is that neither Petter nor its two law firms could make a credible claim of infringement against the Hydropad® based on the '298 patent. *Id.* at ¶ 18. Regardless of the reason, it is undisputed that Petter could have, but did not, assert an infringement claim against Hydro in the Michigan case based on the '298 patent. Moreover, the product Petter is accusing of infringement in the present case is the very same product accused of infringement in the Michigan case—the Hydropad®. *See* Miller Decl. at Ex. C. Accordingly, Petter's First

[6] At the beginning, Petter was represented by the intellectual property firm Price Heneveld Cooper DeWitt & Litton, LLP. *See* McCormick Decl., Ex. 17. Following the Michigan court's summary judgment ruling that Hydro does not infringe the '792 patent, Petter changed counsel and hired the firm Honigman Miller Schwartz and Cohn LLP, who handled the remainder of the case. *Id.* at Exs. 22, 25, 29. Neither firm ever alleged that Hydro infringed the '298 patent. Hydro does not believe such an allegation could be made in good faith and will be seeking fees relating to Petter's exceptional assertion of this belated claim here.

Claim for Relief is barred by claim preclusion as far as it relates to Hydropad® systems sold prior to the November 6, 2009 final judgment in the Michigan case.

B. PETTER'S FIRST CLAIM FOR RELIEF IS BARRED BY THE *KESSLER* DOCTRINE WITH RESPECT TO HYDROPAD® SALES AFTER NOVEMBER 6, 2009

The *Kessler* doctrine "allow[s] an adjudged *non-infringer* to avoid repeated harassment for continuing its business as usual post-final judgment in a patent action where circumstances justify that result." *Brain Life*, -- F.3d --, 110 U.S.P.Q.2d at 1096 (emphasis in original; citing *Kessler v. Eldred*, 206 U.S. 285 (1907)). A patent infringement claim is barred under the *Kessler* doctrine where (a) there was a judgment of non-infringement in a prior action, (b) the presently asserted patent claims were brought or could have been brought in the prior action, and (c) the presently accused product is essentially the same as the adjudicated non-infringing product in the prior action. *Id.* at 1097-98. In other words, when a product is "essentially the same" as the non-infringing product from a prior action, the new product "also acquires the status of a noninfringing device vis-à-vis the same accusing party[.]" *Id.*

Pursuant to the Michigan court's summary judgment ruling and the final disposition of the Michigan case, *see* McCormick Decl. at Ex. 24, the impervious top/side gutter Hydropad® design has acquired non-infringing status with respect to Petter and any patent claims Petter owned and could have asserted at the time of the Michigan case, including the '298 patent. Petter cannot claim that Hydro's Hydropad® design changed in some material way after the Michigan case that now gives rise to a legitimate infringement claim based on the '298 patent. Petter's infringement contentions in this case could have been made using the documents Hydro produced in the Michigan case concerning the Hydropad® design history. *Compare* Miller Decl. Exs. A-B with Miller Decl. Ex. C. In short, the undisputed facts prove that Hydro's current

Hydropad® product is essentially the same as the Hydropad® design accused in the Michigan case, and that Petter could have asserted the '298 patent in the Michigan case. Accordingly, Petter's First Claim for Relief is barred by the *Kessler* doctrine as it concerns Hydropad® sales after the November 6, 2009 judgment in the Michigan case.

II. PETTER'S FIRST CLAIM FOR RELIEF IS BARRED BY LACHES

Laches presents an additional and independent ground for dismissal of Petter's First Claim for Relief. Laches bars a claim where (a) the plaintiff unreasonably delayed in asserting a claim, and (b) that the defendant was materially prejudiced by that delay. *Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 949 (10th Cir. 2002). "The reason for the laches defense [in patent cases] is to prevent patentees from 'intentionally [lying] silently in wait watching damages escalate, particularly where an infringer, if he had notice, could have switched to a noninfringing product.'" *NexMed Holdings, Inc. v. Beta Tech., Inc.*, 718 F.Supp.2d 1299, 1315 (D. Utah 2010) (quoting *A.C. Aukerman Co. v. R.L Chaides Const. Co.*, 960 F.2d 1020, 1033 (Fed. Cir. 1992)). "[I]f there is six years or more of delay between the plaintiff's discovery of infringement and their filing of a lawsuit to enforce their patent rights[,]" then the elements of unreasonable delay and prejudice are presumptively established. *Id.* (citing *Aukerman*, 960 F.2d at 1028).[7] "A patentee can rebut the presumption of laches 'by offering evidence to show an excuse for the delay or that the delay was reasonable' or by offering evidence 'sufficient to place the matters of [evidentiary] prejudice and economic prejudice genuinely in issue.'" *Serdarevic v. Advanced Medical Optics, Inc.*, 532 F.3d 1352, 1359-60 (Fed. Cir. 2008) (affirming summary judgment of laches based on 8 year delay in bringing patent claims) (internal quotes omitted).

[7] Even without the presumption, a delay of more than 6 years can alone support an inference of unreasonable delay and prejudice. *Aukerman*, 960 F.2d at 1037.

Here, it is undisputed that Petter had notice of Hydro's Hydropad® systems at the time the '298 patent was granted in December 2000. Yet, Petter waited for over 12 years to file the present case alleging infringement of the '298 patent. That delay is presumptively unreasonable, as it more than doubles the 6-year presumptive period. Beyond the presumption, the facts prove beyond dispute that Petter's delay was unreasonable. In 2007, Petter accused Hydro of infringing the parent of the '298 patent (*i.e.*, the '792 patent) in the Michigan case, but chose not to raise a claim based on the '298 patent itself. Thus, Petter cannot genuinely contend that it had no opportunity to assert the '298 patent earlier than it did in this case. Petter's more than 12 year delay is not only unreasonable, it is unconscionable.

Given the extreme delay, it cannot be disputed that Hydro will be materially prejudiced if Petter is allowed to pursue its belated claim. Hydro already invested a significant amount of fees and costs in successfully defending against Petter's infringement claims in the Michigan case. Forcing Hydro to proceed anew in this district with new discovery, new claim construction proceedings, new infringement and invalidity briefing, and a new trial on the '298 patent is fundamentally unfair and offends all notions of reasonableness. Moreover, Hydro has spent fourteen years marketing and building goodwill in its Hydropad® product with the understanding that it does not infringe Petter's wash pad patents. There can be no dispute that Petter's belated claims will result in undue prejudice to Hydro even beyond the presumption afforded by the law. Accordingly, Petter's First Claim for Relief is also barred by laches.

CONCLUSION

In light of the foregoing, Petter's First Claim for Relief is barred by claim preclusion and the *Kessler* doctrine as well as laches. The Curt should grant this Motion and enter summary judgment in Defendants' favor on Petter's First Claim for Relief based on the '298 patent.

Dated this 23rd day of May, 2014.

HOLLAND & HART, LLP

/s/ Mark A. Milller
Brett L. Foster
Mark A. Miller
Christopher B. Hadley

Attorneys for Defendants